

Sara Lee reacts, tries basketful of new sweets...

By JANET NEIMAN

DEERFIELD, ILL.—Many product categories have been experiencing economy-driven changes that blur the lines between once-distinct product segments as consumers trade down or substitute products.

The sweet goods category is one example of how economic conditions expand product categories and force into competition marketers that might never have battled for market share.

Kitchens of Sara Lee, still the leader in the frozen baked sweet goods category, has suffered as a result of unit volume declines that reflect such an expansion of the market. Like the products of other sweet goods marketers, consumption of Sara Lee products also has been eroded by the "fitness trend" and new competition from fresh goods marketers—Entenmann's, in particular. While Sara Lee, a unit of Consolidated Foods Corp., never lost much of its share in the frozen baked sweet goods arena (it now hovers around 40%), unit volume was sluggish and its strength in the baked sweet goods category as a whole had diminished.

"The sweet goods category includes mixes, store-delivered items and in-store bakery goods" along with frozen products, noted Richard Sharoff, vp-retail marketing at Sara Lee, in a recent interview at the company's headquarters. Today, he said, the homemade segment is major competition. "What we want to do is offer products in ready-to-eat form that offer options to that, and we see opportunities in that area."

Sara Lee officials were not always so collected about unit volume losses. Attempting to stem them, the company last year tested fresh baked goods in Chattanooga and Nashville in cooperation with Dallas-based Campbell-Taggart (now a subsidiary of Anheuser-Busch), which distributed the products (AA, Sept. 14, '81). P. Fre-

derick Kahn, senior vp of Consolidated Foods' frozen sweet goods group and chief executive officer of Sara Lee, now calls the experiment "a little test that probably got more notice than it deserved."

The project, he said candidly, "was hastily conceived and it didn't prove much. At the time, we were concerned about turning around our retail business, but I have confidence that we can get the [frozen] category to grow" exclusive of a fresh baked goods approach.

The attempt was so faulty that, although neither executive would rule out the possibility of Sara Lee reentering the fresh baked goods arena at some time in the future, they expressed strong doubts about it. "I have a hard time seeing how we ever could compete in the [fresh baked goods] business profitably," Mr. Kahn said.

Now, Sara Lee's emphasis is on unit volume, rather than market share. "Sara Lee has always succeeded in increasing its market share," Mr. Kahn said.

Mr. Kahn and Mr. Sharoff pinpointed new products and more aggressive consumer advertising programs as the means to reverse the unit volume damage. Consumers seem to be responding. After reporting continued unit volume declines for fiscal 1982, ended July 3, the company, with fiscal '82 sales of about \$330 million, "stabilized" sales during the first six months of calendar 1982, and had sales increases during the last half. The second-half figure includes an estimated 7% increase in case sales for the last quarter of calendar 1982 over the same period last year.

Sara Lee has never been a slouch in the realm of product development, even though the company didn't even have a new product development department as recently as a year ago. Rather, the company has proven itself prescient of food trends. However, apparently unable to find the niches to satisfy both itself and its consumer base, it has been forced to back down from many new products only to watch later entries in other categories follow up on its instincts with great success.

It pegged the smaller household, diet-conscious and convenience goods movements quite early, for instance, and unsuccessfully entered Sara Lee Cakes for Two, Sara Lee Light 'n' Luscious and Sara Lee frozen entrees. (Sales of Cakes for Two turned out to be "tradeoff" sales in which consumers bought the smaller products rather than the original sizes, "at a price disadvantage," Mr. Sharoff said.)

The company is hoping such

...And first out is croissant debut

DEERFIELD, ILL.—In what Kitchens of Sara Lee officials say could be the biggest new product introduction in its history, the company will begin marketing a three-item line of Sara Lee croissants nationally in February (AA, Dec. 6).

The line, including all-butter, wheat 'n' honey and cheese-flavored croissants (if you can't speak French, say "kwa-sawn"), has been in development for about a year, and Sara Lee executives P. Frederick Kahn and Richard Sharoff claim it garnered the highest ratings in consumer testing of any Sara Lee product in history.

It will face retailer Vie de France, the only national marketer of fresh French croissants, as its primary competition. The company, with 19 retail bakeries and several fast-food restaurant outlets, sells 1 million croissants per week, and expects to produce a million per day by 1985.

Sara Lee also will probably be competing with an old foe, Campbell Soup Co.'s Pepperidge Farm, which is now testing a line of fresh-baked croissants in Portland, Me. Butter and walnut, almond and chocolate-filled Pepperidge Farm croissants are available in Portland, and could be introduced in Boston this winter as the first phase of a rollout to the northeastern region.

Sara Lee's Mr. Sharoff said the target audience of its new product is "anyone who eats croissants. It's the [traditional] Sara Lee user: The slightly more affluent consumer in major metropolitan markets."

The new croissants utilize the



Sara Lee croissants will go national in February.

"laminated dough" process already used for Sara Lee danish, and the two officials also say it meets several new product objectives the company has identified. Specifically, they say, it is part of a growing market, which they estimate at \$100 million a year; it is perceived as more "wholesome" than sweet rolls and danish as a breakfast food; it broadens Sara Lee's participation in the frozen baked goods category, and it won't be easy for the competition to copy.

Sara Lee has marketed plain "croissants," in packages of six, as a frozen product since 1968. But that product will be restaged as "crescent" dinner rolls in conjunction with the croissant rollout.

The existing product has minor distribution nationally and "significant" distribution in New York and San Francisco.

Given no advertising support, the original croissant—more a bread-like dinner roll than a flaky pastry—still is "growing in spite of itself," at 10% to 15% increases in sales a year for the last three years, Mr. Sharoff said.

Sara Lee will break its croissants campaign this spring with network tv, couponed newspaper and Sunday insert advertising, followed up with magazine ads. The campaign, from Foote, Cone & Belding, Chicago, will position the product as an authentic, high-quality French croissant "consistent with the Sara Lee name and image," Mr. Sharoff said.

As for Pepperidge Farm, advertising for its new croissant is tagged: "Now you don't have to go all the way to France to get a great croissant." Ogilvy & Mather, New York, is handling the advertising, which includes tv. #—J.N.

mistakes won't occur under its current set of new product criteria, and with a new product development unit established this year.

New Sara Lee products now must meet consumer needs by entering "potential growth markets"; broaden Sara Lee's participation in the frozen baked goods category; be "outstanding products," and represent products "the competition couldn't copy easily, if ever."

During 1982, Sara Lee introduced such new products as Puddin' in-the-Middle, New York Style Cheese Cake and a reformulated line of coffee cakes. (Puddin' in-the-Middle has been a stellar performer, and the company recently announced it would extend

the original four-item line to six, with the addition of lemon cake-lemmon pudding and banana cake-banana pudding items.)

Mr. Kahn and Mr. Sharoff say the company is deemphasizing line extensions and moving instead toward new categories.

One thing Sara Lee is concerned with is giving more attention to the consumer, in terms of marketing as well as consumer need. "We're investing heavily in marketing programs, with the focus of advertising increasingly [on] consumers." Declining ingredients costs have made that effort easier, he noted.

Early in the year, the company, via agency Foote, Cone & Belding, Chicago, broke two campaigns: A

tv and print effort supporting the repackaged line of layer cakes themed, "What's your Sara Lee fantasy," and a testimonial tv drive for coffee cakes directly striking at Entenmann's (AA, Feb. 15). Although a spokeswoman at the time referred to the advertising as "coreographed," the two campaigns in fact were highly detached; Mr. Sharoff admitted in the interview that the "fantasy" campaign was a "false start" that was run only because the company "had already committed" to it.

Midyear, Sara Lee introduced Puddin' in-the-Middle with a tv spot stressing the real pudding in every bite, and through the year continued its earlier "bake sale" and "cake break" promotions and backed the reformulated, repackaged coffee cakes with print couponing and rebates.

This year's efforts provide a good contrast with the past few years, when consumer advertising dwindled to almost nothing (Mr. Sharoff now says it "wasn't what it should have been") and trade promotion was intensified. In '82, Sara Lee ran five flights of three to five weeks of tv, which, in his words, is "heavier than it's been" in years and "not too bad for a company that hasn't had any." #

corrections & clarifications

• Membership in the National Radio Broadcasters Assn. was incorrectly listed (AA, Dec. 13, P. 41). The correct figure is 1,992.

• The name of Dan Odishoo, new president of Ketchum Advertising/San Francisco, was misspelled earlier (AA, Dec. 20, P. 31).

• The correct January through November, 1982, lineage figure for Philadelphia magazine is 1,480.6 pages (AA, Nov. 22, P. 37).



Staff photo by Mary Carme

A strenuous new product effort at Kitchens of Sara Lee, headed by vp-retail marketing Richard Sharoff (left) and chief executive officer Fred Kahn, is part of the company's strategy to stem volume losses resulting from the economy, the "fitness trend" and competitors.

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adWatch

(Per cent of responses by month)

Brand	June	July	Aug.	Sept.	Oct.	Nov.
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Cameras: Polaroid regains No. 2

Kodak	21.4	20.3	19.1	28.4	24.7	23.9
Polaroid	9.4	6.2	5.8	5.4	8.7	10.5
Canon	11.5	12.7	11.8	13.4	13.3	7.7

Cars & trucks: Chevy closes in

Ford	16.7	13.4	14.1	14.0	18.2	14.1
Chevrolet	10.2	10.2	11.4	10.5	12.0	12.9
Toyota	8.2	8.7	11.8	11.0	6.2	5.7

Fast-food: Burger King recedes

McDonald's	49.2	43.4	39.9	45.6	35.6	36.5
Burger King	5.5	9.0	7.4	8.4	24.1	20.5
Wendy's	4.3	4.8	6.4	4.4	5.0	6.0

Medicine & drugs: Tylenol soars

Tylenol	18.7	17.5	16.6	19.8	16.6	25.7
Anacin	6.2	6.8	10.6	8.8	8.5	5.5
Anacin-3*	—	—	—	—	—	3.4
Bayer	4.6	2.8	4.6	6.8	7.0	3.3

*Not in top three until November

Soft drinks: Coke's lowest score yet

Pepsi-Cola	27.6	25.8	23.4	27.8	26.0	25.8
Coca-Cola	26.6	25.4	24.0	24.3	24.8	21.9
7UP	7.8	8.3	7.7	7.0	7.4	6.4

Coffee & tea: Sanka slumps

Folger's	12.6	11.5	12.8	12.1	14.8	16.8
Maxwell House	11.8	12.8	12.4	15.7	13.8	16.5
Sanka	12.5	11.3	11.0	11.8	11.8	7.7

Question: 1,253 consumers were asked, "Of all the advertising for [product category] you've read, seen or heard in the past 30 days, which ad first comes to mind?"

Source: SRI Research Center Inc., Lincoln, Neb.

The public's awareness of advertising of leading brands in a number of categories shifted significantly during November polling, as shown in this month-by-month listing of response percentages.

Tylenol awareness way up

(Continued from Page 2)

vertising after the cyanide deaths. Anacin-3 supplanted Sterling Drug's Bayer aspirin in the No. 3 spot in the category; Bayer dropped 3.7 points to 3.3%.

In fast-food, another category that has witnessed large changes in awareness among the major competitors, Burger King recorded a 3.6 point drop in November. Burger King's hard-hitting comparative ads gave it a 15.7-point gain in awareness in October, the largest to date by any advertiser, but it stopped running most of those ads under pressure from competitors early last month.

Burger King nonetheless held onto much of its substantially increased awareness with a 20.5% score, compared to its average score of 7.3% in the six months preceding the controversial comparative campaign. Category leader McDonald's Corp. had a slight, statistically insignificant increase in awareness in November, to 36.5% from 35.6%. McDonald's November score was its second-lowest, after that for October.

Burger King's No. 2 position in top-of-mind awareness of all advertising, up from No. 3 in October, was its best ever and was better than McDonald's ranking for the second straight month. McDonald's fell from No. 5 to No. 6 in the overall ranking.

Several other advertisers managed to hold onto significant October gains last month. In wine & liquor, Gallo increased its score slightly to 6.2%, double its awareness level in September, before the company launched a new tv cam-

paign with an "All the best" from Gallo theme. But awareness of No. 2 Riunite and of No. 3 Paul Masson also rose a bit last month—Riunite to 5.4% from 5% and Paul Masson to 3.8% from 2.3%.

In cameras, Polaroid, which had slumped badly from April to September, added to October's 3.3 point gain and regained the No. 2 spot in the category behind Kodak. Polaroid was named by 10.5% of the respondents in November, up from 8.7% in October. Polaroid has stepped up its James Garner-Mariette Hartley tv spots. Former No. 2 Canon suffered the month's largest decline: It fell 5.6 points to 7.7%, its lowest score to date.

The only two new category leaders were Avon in cosmetics & fragrances and Alpo in pet food. Avon was No. 3 in October and had a higher score than November's 3.8%. But October leader Estee Lauder dropped 2.8 points to 2.2%, and No. 5, Sophia, a new fragrance from the Coty division of Pfizer, was a newcomer to the top three, placing second with 3.1%.

Alpo was mentioned by 8.9% of the November respondents, up from 6.5% in October. Alpo, No. 2 in October, switched positions with October leader Purina, whose score fell to 6.4% from 7.1%.

The top 10 in top-of-mind awareness of all advertising—that not limited to a particular category—in November were Coca-Cola, No. 1; Burger King, No. 2; Tylenol, No. 3; Pepsi-Cola, No. 4; Miller beer, No. 5; McDonald's, No. 6; Budweiser, No. 7; Ford, No. 8, and Tide and Bell Telephone, which tied for No. 9.

Queries follow Lansing move

By MORRIE GELMAN

LOS ANGELES—Where Sherry Lansing is going and who will take her place as head of production at 20th Century-Fox Productions has become the No. 1 topic of conversation here.

Though Ms. Lansing's resignation last week should not have come as a surprise—the rumors about her leaving by choice or by demand had been rife for the last six months—its timing and the uncertainty about a successor and her future enlivened the holidays for a town that dotes on playing executive musical chairs.

What's apparent is that the 38-year-old Ms. Lansing, the first woman to have headed production for a major motion picture studio, quit, effective Dec. 20, with the

promise to continue as president of Fox's movie division for as long as 30 days to help in the transition.

Alan Hirschfield, chairman and chief executive officer of the studio's parent company, 20th Century-Fox Film Corp., in accepting the resignation, made a special point of noting that Ms. Lansing's willingness to stay on suggests that "no successor has either been contemplated or designated."

Mr. Hirschfield was saying, in effect, that the resignation was a surprise to Fox and no replacement is in the wings.

Thom Mount, who heads Universal Pictures productions, has been mentioned as a possible successor to Ms. Lansing. Another scenario has Norman Levy, who heads Fox's movie distribution, as vice-chairman, playing a larger

role in production. There are many in Hollywood who are convinced that there was a tug-of-war between production and distribution and Mr. Levy won.

Ms. Lansing is slated for a top industry job outside the Fox studio, but, because of supposed legal reasons, the new position wasn't disclosed immediately. Speculation is she may wind up partnered with Dan Melnick, an independent producer, who previously worked at Fox.

The best guess in the creative community here is that Ms. Lansing will join the newly formed joint movie production venture of CBS Inc., Home Box Office and Columbia Pictures. But at least one key insider claimed Ms. Lansing had not been offered any position with the new venture.

Slater shop wins Bic account

By JOHN J. O'CONNOR

NEW YORK—While many agencies may be thankful just to have made it through a tough year, Slater, Hanft & Martin is closing out 1982 with \$12 million in new business—including the \$10 million Bic Pen Corp. account and Richardson-Vicks' \$2 million Percegos analgesic.

Slater, Hanft came up the winner in a review for the Bic shaver, butane lighter and writing instrument business, leaving Wells, Rich, Greene after an 11-year association. The agency also will be creating the ads for Bic's late entry next year in the erasable pen market (AA, Dec. 13).

Bic apparently has done a com-

plete about-face on the future of erasable pens, now the industry's fastest-growing segment with 150 million units expected to be sold this year.

When Gillette's Paper Mate division created the category in 1979 with the introduction of Eraser-Mate, Bic advertising boss David Furman observed, "In our opinion, Eraser-Mate is just another of the superfluous products Gillette has brought to the writing instrument field. Would you want to sign a check or legal document with a pen whose ink can be erased?" (AA, Jan. 29, '79). Mr. Furman soon will have available a Bic erasable should such an occasion arise.

Mr. Furman couldn't have had as difficult a time during his "ex-

tensive search" for WRG's successor. In announcing the selection, he noted that Slater, Hanft principals Don Slater and Adam Hanft "were members of the team that did much of the work on the Bic lighter 'Flick your Bic' campaign" at WRG.

Along with the account, the Slater agency gains a new partner—Gary Roberts, formerly exec vp in charge of the Bic account at WRG. Symon & Hilliard remains the agency for Bic's commercial division and trade advertising.

Richardson-Vicks' assignment of Percegos, formerly at Barnum Communications, is part of the company's plan to increase that brand's share in the over-the-counter analgesics market.

Liquor entrepreneur finds his niche

(Continued from Page 1)

"so why make it hard for consumers? There are many imported brands that fail here because their tastes have not been adjusted for the American market." But the art of appealing to the U.S. market doesn't end with a product that "drinks sweet." There is the matter of packaging. He is a strong believer in making the label and bottle design as appealing to the eye as the product is to tastebuds.

Next comes the advertising that, of itself, represents another chapter in the W.V. Elliott Co. story. Within the confines of his operation are the offices of his operation are the offices of William James Advertising, an agency Mr. Elliott and James Flaherty formed earlier this year. Mr. Flaherty is president; Mr. Elliott is exec vp, and Rita Bowlby, formerly an account supervisor at the Keiler Agency, Farmington, Conn., heads account management. Mr. Elliott's role with the agency does not extend beyond his own brands.

"I met Bill in 1976 after I became creative director of Tinker, Dodge & Delano," Mr. Flaherty said. "He was an opinionated, self-styled creative client and I was an opinionated, snotty creative director. It wasn't exactly love at first sight. But we found we respected each other's point of view, and out of that came a very good professional relationship on \$12 million worth of Heublein business, including Smirnoff vodka and Arrow cordials. When he started his company, we became friends."

Flaherty & Co., a New York agency that Mr. Flaherty sold two years ago to TBWA Advertising, created the first ads for Rumble Minze and other products. Last July, Messrs. Flaherty and Elliott decided to form an agency on their own, although Mr. Flaherty continues to be a professional week-

end innkeeper as proprietor of Troutbeck, an executive retreat and conference center in Dutchess County, N.Y.

The Elliott Co. account, involving a \$700,000 budget for trade and consumer advertising, includes Rumble Minze, the flagship brand with estimated case sales of 45,000 this year; Schnapple, a 20,000-case brand that was introduced last May; Melano, going into six markets in February; Spritzen white wine, and two brands that were not created by Mr. Elliott—Monnet cognac and Antiquary scotch. In addition to liquor industry publications, Elliott brands are advertised in *Cosmopolitan*, *Penthouse*, *Playboy* and regional magazines.

Mr. Elliott's personal conviction about drinking in moderation is a hallmark of the company's advertising. Ads will advise simply,

ESPN shift

(Continued from Page 3)

pany to handle the ESPN work.

ESPN said business news is one of several programming options it has been considering, with no changes planned for its prime time schedule of "live" sporting events. Experts in the cable field had speculated that the total-sports concept, while able to attract about 250 advertisers to ESPN thus far, would never make ESPN a profitable advertiser-supported vehicle.

One advertiser said "We all know that the male sports fan is not watching television, let alone ESPN, during the morning and afternoons."

Mr. Werner, however, said the network will achieve profitability exclusively with sports programming, and added that the network expects to be able to sell its daytime sports availabilities.

"Enjoy it in moderation" or weave a message into the copy platform.

Although Mr. Elliott has many other ideas for wines and specialty drinks waiting to be born, he said the time has come in his company's growth for him to seek "new, unique and proprietary" products in the "heavy-volume cash flow gin, scotch, bourbon and rum categories." He added, "We're dickering right now [with other companies] on those."

Mr. Elliott is mindful of the fact that "there isn't a distributor in America who needs a new product." To bridge that reality, he has brought in veteran salespeople (Eugene Palazzolo, August Sievers, Herbert Stouffer) with whom he worked at Heublein. "Part of our philosophy is that we can't depend on distributors to do it all for our brands," Mr. Elliott said. "We'll send in six, eight or nine people, into a given market to help make an impact. As we grow, none of our brands can succeed without a protagonist to believe in them, to make them work like Jack Martin did for Smirnoff vodka."

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Advertising Age

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The International Newspaper of Marketing • In Two Sections, Section 1.

January 3, 1983

\$30 million ad drive begins

American Bell rings in its birth

By ROBERT RAISSMAN

NEW YORK—Among the New Year's Eve revelers at Times Square last Friday night were two weary men in tuxedos. Both had their eyes on the 3-by-40-ft. sign that the traditional falling Big Apple would eventually disappear behind as it signaled the arrival of 1983. For the event also was ringing in the arrival of a major new company on the American business scene.

The two men had worked for 45 days to prepare the sendoff for what is probably the largest corporate startup in the U.S. As the ball (apple) disappeared behind the sign and the words "AIS/American Bell" lit up, Robert T. Warstler, director of advertising at AIS/American Bell, and G. Kelly

O'Dea, vp-management supervisor at Ogilvy & Mather, would know that, finally, the company informally known as Baby Bell was born.

"This was unlike any experience this agency has been through," Mr. O'Dea said just prior to the official birth. "We literally knew zero about what the company could do, but we had to understand it and put it in simple terms and concepts for others to understand. This isn't a new brand of peanut butter we are introducing."

After the arrival of 1983, and during the first 24 hours of both the new year and the O&M-created \$30 million ad campaign, AIS/American Bell (AIS stands for Advanced Information Systems) executives estimated that the aver-

(Continued on Page 47)

Tylenol launches 'comeback' ads

By PAT SLOAN

Johnson & Johnson, already well on its way to having pulled off the Comeback of the Year with its exceedingly strong Tylenol brand,

was scheduled to air a carefully tested new commercial on network tv last night, the first regular advertising for the nonaspirin analgesic since disaster struck in Chicago last fall.

J&J executives call it the start of its 1983 "comeback" ad program, a Compton Advertising-produced effort designed to reintroduce Extra-Strength Tylenol capsules in their new tamper-proof packaging and reestablish the brand as the front-runner in the \$1.2 billion analgesic category. The company declined to discuss its plans beyond this initial commercial flight, which will run on all three networks.

■ As earlier reported, Tylenol seems to be recapturing the market share it lost following the cyanide deaths in Chicago and the product's subsequent removal from store shelves. Two "early-warning" research services indicated that by November Tylenol tablets (all that was available at retail then) had surpassed their prepoisoning share of 22.2% in food stores in four controlled markets and, in a broader nationwide sampling, had regained almost half of the

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NEW! ANY JUICE FRESHER IS STILL IN THE FRUIT!



20¢

VINTAGE GROVE

20¢

New entry in burgeoning fruit juice field—see Page 46.

Campbell's McGovern top Adman

By GAY JERVEY and NANCY GIGES

It may have been a first. On the morning of last April 22, the board of directors of Campbell Soup Co.—pinstripes and all—went grocery shopping in a ShopRite store in Caldwell, N.J.

Leading the procession was R. Gordon McGovern, Campbell Soup's president-chief executive officer. He felt a lot more at home in the supermarket than his colleagues, some of whom admitted they hadn't been in a supermarket for years. Mr. McGovern does his family shopping every Saturday.

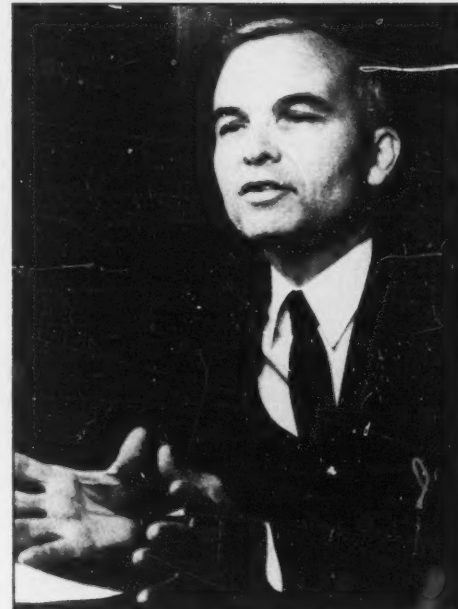
"Now, it's not particularly interesting to most people," Mr. McGovern, a graying 56, says. "But I really get into how and what people eat. I find it fascinating."

Happily for Campbell Soup Co., Mr. McGovern's fascination with what America eats and why has helped transform it from a stodgy, production-oriented canning operation into one of the most aggressive market-driven companies in the food industry today. For doing so, Mr. McGovern has been named ADVERTISING AGE's Adman of the Year for 1982.

In his present position for barely two years, the former head of Campbell's Pepperidge Farm subsidiary has:

- Increased Campbell's marketing expenditures 72% and nearly doubled its advertising budget.
- Replaced the company's longtime ad agency for its flagship red-label, condensed soups, leading to a new ad campaign that helped reverse eight years of flat or lower sales.
- Adopted an ambitious new-product program calling for two major new items a year, and built several recent introductions into some of the hottest products in the food industry.
- Announced his intention to acquire companies that will add at least \$200 million to Campbell's sales every two years, a program already begun.
- Orchestrated the acquisition of key assets of Mrs. Paul's Kitchens, making Campbell the country's largest frozen fish marketer.

For his part, Mr. McGovern says modestly that he



For dramatic change at Campbell Soup Co., Gordon McGovern is AA's pick as 1982 Adman of the Year.

is mostly executing the plans of his predecessors. But many Campbell observers disagree, insisting that while previous regimes talked about change, little was actually done.

The company, whose stock is publicly traded, is 60% controlled by Philadelphia's Dorrance family, and for nearly all of its 114 years it has been run like a family concern. It not only ignored new products, but insisted on keeping a lid on the prices of its old products, thus squeezing profitability.

"With [its] commanding share of the soup market, Campbell simply should have been less afraid of price competition from private brands, should not have been so hesitant about raising prices," says Leonard Teitelbaum, a securities analyst for Merrill Lynch. "It appeared that Campbell felt it was its patriotic duty to feed America for 10¢ a can."

Campbell's profits grew by only 8% to 9% annually over the past decade, far less than those of a number of other major food companies. But in the fiscal year ended last August, profits rose 15% to \$149.6 million and sales 5.3% to \$2.94 billion. Mr. McGovern says his objective is a 15% gain in both

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last minute news

Rolls-Royce reviewing shops; Warren Pfaff out

NEW YORK—Rolls-Royce Motors is reviewing agencies, having parted with agency of record Warren Pfaff Inc. The \$1 million-plus account will be assigned to a larger, full-service shop.

Sara Lee testing eight-item line of ice cream

DEERFIELD, ILL.—Kitchens of Sara Lee is testing an eight-item line of Sara Lee ice cream in Cincinnati. Pints, retailing for about \$1.70, are available in rum raisin, coffee, chocolate, vanilla, strawberry, butter pecan, chocolate chip and chocolate amaretto. Sara Lee previously tried a premium-price ice cream line in the mid-1970s. Northlich, Stolley, Cincinnati, is handling the new venture; tv and couponing is being used.

Atari will preview games for 3 to 11-year-olds

SUNNYVALE, CAL.—Atari will preview its "Kid's Library" videogames at the upcoming Consumer Electronics Show in Las Vegas (see earlier story, Page 46). The special games are designed for ages 3 to 11.

Clarion names Marsteller for \$2 million account

LAWDALE, CAL.—Clarion Corp. of America, marketer of car stereos, has named Marsteller, Los Angeles, to replace Kresser, Robbins & Associates, (Continued on Page 8)

Drew Lewis' task at

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'Silent' Schick enters disposable razor fray

By ROBERT RAISSMAN

Warner-Lambert Co.'s Schick razor unit will begin shipping a new disposable razor to retailers this week. The introductory ad campaign, at a rate of \$12 million annually, breaks in March.

The advertising expenditure represents a sharp departure from past outlays for the usually subdued Schick. Although the budget would seem to move the company closer to ad spending parity in the disposable category with Gillette Co. and Bic Pen, Gillette is expected to beef up ad spending for its disposable razors in 1983.

According to Leading National Advertisers, Bic spent \$7.7 million and Gillette \$5 million to advertise disposable razors in 1981. For the first six months of 1982, Gillette

spent \$4.7 million on disposables while Bic spent a little over \$3 million, according to LNA.

In the total razor category, Gillette dominated Schick in 1981 with \$13.3 million in ad spending compared to Schick's \$6.3 million.

The news of Schick's entry into the disposable market was taken calmly by the competition. "This is no surprise to us," said Richard O'Hearn, Gillette marketing services manager. "We've expected this for some time."

Schick began taking orders for its Schick disposable in November. Packaged in five-packs, the razors come to about 24¢ each for retailers. Warner-Lambert said the retail price to consumers would be below Gillette's Good News disposable, but higher than Bic's.

Warner-Lambert said the Schick

entry has some unique features. The handle is said to have a unique design while the business end of the razor has a permanent "safety cap" to insure sharpness.

Industry sources said Schick was forced into the disposable market because it is the growing segment of the razor business. Gillette has over 60% of the estimated \$500 million-to-\$600 million razor market while Bic has a 10% share. Disposable razors account for less than 25% of the market.

Schick's new advertising, via William Esty Co., is not yet complete. W-L said it will be at least two weeks before copy is in place.

The first print offering will contain a coupon for a free five-pack. Schick will follow with distribution of 58 million 25¢-off coupons beginning March 14.

Shores up 'Dukes,' eyes 'M*A*S*H' spinoff

CBS sets new news show

By DIANE MERMIGAS

CBS News president Van Gordon Sauter is expected to announce plans this week for a new weekly summer prime time news show to be anchored by either Bill Moyers, Charles Kuralt or Bill Kurtis.

The series could possibly feature contributions from all three newsmen as well as others, and most likely will be an interview showcase different from CBS' "60 Minutes," ABC's "20/20" or NBC's proposed news magazine set to premiere March 19.

If the new show performs well in the summer ratings, it could be picked up for the 1983-84 fall season.

The CBS 1983 news budget, although the only network news budget calling for staff cuts (AA, Dec. 13), provides production funds

for a second hour of weekly prime time news. All three networks traditionally have programed only one hour of weekly prime time news, usually in the form of a news magazine. Although the networks recently introduced news in late-night and early-morning time periods, none of the networks plans extensive news expansion this year.

Two of the three newsmen confirmed they have discussed their possible participation in a new news series with Mr. Sauter, but declined to elaborate on the details. "I just don't know what form the show will take, but I do know that it will happen. Van has promised to make a decision within the week," one of the newsmen said. However, should Mr. Moyers be involved, the series would not be patterned after his former, highly

acclaimed public tv series.

Mr. Sauter, who was vacationing last week and unavailable for comment, has said he wants to keep CBS' news commitment strong despite financial concerns. Ratings for both the "CBS Evening News" and "CBS Morning News" have accelerated during the past several months.

On a more immediate front, CBS is seeking to strengthen its series ranks in February and March, when it faces strong ABC mini-series competition.

The network, this tv season's runaway ratings leader in prime time, has lured John Schneider and Tom Wopat back to their leading roles in "The Dukes of Hazard," which has plummeted from the seventh-highest rated show last season to 33rd in the national

(Continued on Page 48)

J&J's Tylenol tops list of products that made news in 1982

A number of consumer products made news in 1982, not only in the business community but among the general public as well. They were led by the analgesic Tylenol, which became the center of attention in a tragic occurrence late in the year. Following are the top 10 product newsmakers as selected by the editors of ADVERTISING AGE:

One of the marketing success stories of the 1970s, Johnson & Johnson's Tylenol pain reliever faced its greatest challenge in 1982. Seven Chicago-area people died after taking Tylenol capsules that had been contaminated intentionally with cyanide, apparently the work of a random killer.

Although the company and its manufacturing procedures quickly were cleared of any possible direct role in the disaster, there was some question initially as to the brand's ability to survive. But J&J soon made it clear it was committed to doing whatever was necessary to reinstate Tylenol to its prepoisoning status as the nation's leading analgesic.

J&J's McNeil Consumer Products Co. immediately stopped advertising and recalled the lots from which the contaminated bottles had come. Within days, as it became apparent that the contamination occurred at the retail level, J&J withdrew all Tylenol regular and extra-strength capsules from the national market. When its research indicated that consumers wanted to hear directly from J&J about what it was doing, the company ran a tv spot featuring McNeil medical director Thomas Gates. He noted the company's concern about product tamperings and expressed its commitment to reintroduce and support Tylenol.

About a month after the incident, J&J resumed regular advertising for other products in the Tylenol line. The capsules since have been repackaged with a triple safety-seal and are reappearing on retail shelves. Ads for the analgesic, initially focusing on the new packaging, are now resuming. Even before that return of Tylenol capsules, however, market shares for tablets appeared to be rebounding despite heavy competition that emerged from brands never before advertised to the consumer.

In the aftermath of the Tylenol tampering, a rash of contaminations of a variety of consumables around the country took place, and the government responded with record speed in issuing new tamper-resistant packaging regulations.

In retrospect, 1982 will be viewed as the year the minuscule no-caffeine soft drink segment exploded into a viable one. Stirring up this change was Seven-Up Co., which not only introduced Like, its first cola, as a 99% caffeine-free product, but launched an ad campaign for flagship 7UP that stressed its no-caffeine qualities. It created a rush of industry controversy.

Seven-Up actually broke the no-caffeine issue with the high-powered marketing campaign for the ailing 7UP, before the long-awaited debut of Like in April. The new campaign replaced a sports-oriented push and announced that the lemon-lime soft drink was "crisp and clean. No caffeine. Never had it. Never will." These claims infuriated Pepsi-Cola Co., which believed Seven-Up was raising an unjustifiable health question about an ingredient inherent in all colas.

In retaliation, Pepsi reportedly threatened to rescind agreements with Pepsi/7UP bottlers if they supported the campaign. The Federal Trade Commission got into the picture, looking into that combative behavior. Soon after, PepsiCo unleashed Pepsi Free, a 99% caffeine-free cola, and a sugar-free counterpart. Seven-Up responded to that by a complaint to the National Advertising Division charging that Pepsi Free advertising was misleading consumers on the caffeine issue, a charge the NAD quickly rejected.

Royal Crown Cola Co. introduced a decaffeinated RC Cola during the year. In fact, RC was the no-caffeine pioneer by virtue of its 1980 introduction of RC 100, a caffeine-free and sugar-free product. Coca-Cola Co. premiered Diet Coke, which does have caffeine, but it apparently is being groomed as the soft drink giant's main sugar-free drink, which could lead to a reformulation of Tab into being caffeine-free. Dr Pepper jumped in with Pepper Free, a caffeine and sugar-free drink.

Some analysts predict that by 1986, caffeine-free drinks will take up 15% of the total market; others see a crest of 5% by the same time.

The price of technology came together with marketing strategy to push the home computer into the grasp of the average consumer last year.

During the summer, Texas Instruments announced it would offer a \$100 rebate on its TI 99-4A. Commodore International followed by dropping prices on its Vic-20 home computer by \$25 to \$40 at the wholesale

(Continued on Page 17)



Disaster strikes Tylenol.



Caffeine purge.

highlights

Monday, January 3, 1983

After receiving complaints from disgruntled consumers, the New York State attorney general last week filed a deceptive advertising suit against Kodak and Eastern Air Lines for their camera/free ticket ads. See Page 6.

Broadcast advertising for M*A*S*H vodka has been discontinued after a complaint from cast members of the CBS-TV series "M*A*S*H." See Page 6.

The fruit juice marketing fray is expanding once more with the addition of a new Gerber Products Co. line, now testing in Erie, Pa., under the Vintage Grove label. See Page 46.

The high unemployment and low corporate performances of 1982 have had less of an impact on the consumer electronics industry than on most businesses. See Page 46.

In one of his first moves since taking over the Boston Herald-American, Rupert Murdoch has changed the paper's name to the Boston Herald and brought in two editors from New York to run the paper. See Page 46.

General Motors has elected to go with a proven auto sales booster—interest rate breaks—for the first quarter of 1983 instead of trying for flashier promotions. See Page 47.

The formation by Nelson Stern Advertising and Ingalls Associates of a separate New York agency—Stern-Ingalls—to win the Nature's Organics Plus account could lead to further dealings between the two non-New York-based shops, perhaps even a merger. See Page 47.

When Transportation Secretary Drew Lewis takes over at

Warner Amex Cable Communications next month, his primary goal will be to fulfill the company's promises to build interactive cable systems in about a half-dozen of the country's largest markets and run them profitably. See Page 48.

MAGAZINE

If he hadn't gone to Caracas, says Ed Ney, chairman of Young & Rubicam, in the Benevolent Dictators' series of interviews, he might not have gotten the international experience that helped lead him to the top. See Page M-4.

Job Hunting: Mirroring the cyclical nature of the economy, job hunters and the related fields of recruitment advertising and executive search are suffering the effects. See Page M-9.

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Ad rate growth to hover around 10%

The outlook for advertising growth in 1983 indicates increases of about 10% over 1982, and anticipated rate increases are, for the most part, in the same area.

McCann-Erickson vp Robert Coen, who regularly forecasts ad volume, has indicated he expects an ad dollar volume gain of 9.2% for '83. He also sees national media ad volume rising an average 11.7%.

By major media, here's the outlook for ad rate increases this year:

Television: Various industry sources are anticipating tv network rate increases to be in the 12%-to-14% range over-all. That also was the range estimated earlier by Mr. Coen (AA, Dec. 13). Spot tv rates may average out about the same, showing increases in the low teens for the first half and tailing off to single-digit fig-

ures in the second half of the year, according to Mr. Coen.

Cable: Because there are now nearly 20 ad-supported cable networks, each still in its infancy and growing at different paces, rate increases are expected to be significant as well as diverse, ranging anywhere from 20% to over 100%. Even in 1982, cable rates, while generally considered low in comparison to other media, have differed tremendously, from as low as \$30 per spot for some of the newest and smallest contenders to \$6,600 on WTBS. Three factors will determine how much each network's rates increase, said Jeff Lawenda, vp-advertising sales, USA Network: Supply and demand, subscriber growth and programming costs.

Newspapers: Newspapers rate increases in 1983 will probably av-

Forecast & Review

Media rates '83 outlook

Television	... 12% to 14%
Cable	... 20% to 100%
Newspapers	... 9%
Magazines	... 8% to 9%
Radio	... 5% to 8%

erage about 9%, according to a survey of the nation's major papers recently conducted by Edward

Parmalee, vp-marketing, Knight-Ridder Newspapers. Those increases contrast with the 11% rate hikes that were the average in '82.

Magazines: Magazine advertising rates could rise from 8% to 9% during 1983, according to Marvin M. Gropp, vp-research, Magazine Publishers Assn. That would be about the same as the average increase during 1982.

Radio: Radio prices in both spot and network in 1983 are expected to increase 5% during the first six months and as much as 8% during the second half of the year if the economy rebounds. The rate increase is comparable to radio price hikes in 1982, a year in which stations and networks started off the year projecting 8%-to-10% price hikes, then scaled those increases downward as the year went on and the economy continued to sour, in-

dustry sources noted.

Direct marketing: According to the Direct Marketing Assn., direct marketers are not expecting any dramatic increases in the year to come, largely because the Postal Service says it won't raise its rates until 1984. The DMA is predicting, however, a 10% increase in direct marketing expenditures and a 12% increase in direct mail.

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Newsmakers

(Continued from previous page)
dubbed "Luisigate," the giant ad agency had to restate its earnings for the past four years, writing off \$30 million in pretax earnings, including a \$12.4 million charge against the 1981 earnings.

In the wake of the syndication unit scandal, JWT first stopped the practice of time banking (exchanging syndicated programs for time to be used later by its clients) and then got out of the business by shuttering the syndication division. Spot tv buying was shifted to the media department, and the director of spot buying now reports to the business manager and media director.

But JWT's troubles were not over. One of the company's stockholders, Robert Gray, formerly with Hill & Knowlton (a JWT subsidiary), sued the agency for \$10 million. And the Securities & Exchange Commission and the Justice Department reportedly are continuing their investigation of the agency.

John DeLorean

John Z. DeLorean was arrested last October on charges of conspiring to possess and distribute cocaine. That was a long fall for the man who once had been the rising star at General Motors—general manager of its Pontiac division and then Chevrolet. In between making it to the 14th floor at the GM building and landing in jail in Los Angeles, he narrated the revealing book, "On a Clear Day You Can See General Motors," developed the stainless-steel DeLorean automobile, started the DeLorean Motor Co. with help from Margaret Thatcher's government in the U.K. and saw his company begin the slide into bankruptcy.

Mr. DeLorean had promised his company would build a car for the consumer, but the final product turned out to be a sports car with a suggested price of \$25,000. Dealers at first had no trouble selling the new car, sometimes charging more than the suggested price. But the DeLorean got the reputation of being underpowered and of having poor visibility to the rear. Sales and prices dropped sharply. The 1982 ad budget for the DeLorean was expected to be around \$12 million, later said to be \$5 million and finally turned out to be just over \$1 million. Mr. DeLorean had trouble with the British government, his factory in Northern Ireland, his ad agency and his bankers.

But as his company prepared for bankruptcy, Mr. DeLorean allegedly planned a major cocaine deal to raise money to save it.

In November, Mr. DeLorean pleaded innocent to the charges and his trial is scheduled to begin April 19.

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